

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 503 - SB 1314**

March 10, 2015

**SUMMARY OF BILL:** Requires the Bureau of TennCare to reimburse hospitals for the provision of healthcare services to eligible persons at no more than 100 percent of the federal Medicare program's allowable charge for participating hospitals for covered services.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Expenditures - \$22,727,300**

**Decrease Federal Expenditures - \$42,272,800**

**Assumptions:**

- The provisions of the bill will result in a decrease in TennCare program expenditures. Based on the TennCare actuarial review of calendar year 2013 hospital claim reimbursements, the recurring decrease in state expenditures is estimated to total \$65,000,000.
- These expenditures would receive 65.035 percent federal matching funds; therefore, the state portion is at a rate of 34.965 percent.
- The decrease in state expenditures is estimated to be \$22,727,250 ( $\$65,000,000 \times 0.34965$ ).
- The decrease in federal expenditures is estimated to be \$42,272,750 ( $\$65,000,000 \times 0.65035$ ).
- The provisions of the bill will not affect the revenue realized through the annual hospital coverage assessment.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, reading "Jeffrey L. Spalding".

Jeffrey L. Spalding, Executive Director

/kml